

TOWN OF ACTON
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Steve L. Ledoux
Town Manager

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"If you are going through hell, keep going"

Winston Churchill

Dear Honorable Board of Selectmen and Finance Committee:

As work commenced on the FY 11 budget, it became abundantly clear that recovery from the recession that has plagued both the United States and the world has shown little improvement in recent months. It has become more problematic in Massachusetts, where State tax revenue has continued to decline, forcing the Governor and the Legislature to cut more services as well as Local Aid. Based on the Local Aid projections made in preparation for this budget, we will have seen over a \$700,000 cut in Local Aid since Town Meeting 2008, a 9.78% reduction.

As of this writing, the Commonwealth's revenues continue to sputter and I believe we will be facing further Local Aid cuts in the New Year. In anticipation, similar to last year, we have instituted a hiring and spending freeze, lifting the freeze for essential items only. The Town was also fortunate to avoid a Special Town Meeting this fall due to the Local Aid cuts that caused the Town budget to be out of balance. This dilemma was remedied by the use of Federal Stimulus monies to lower the assessment of the Acton – Boxborough Regional Schools

Amid all these trials and tribulations, there are still things that the Town can feel proud about. Despite the Recession and Local Aid cuts, the Town managed to have its bond rating upgrade to AAA by Standard and Poor's. This rating is the highest rating available and was achieved primarily because of how the Town has been able to manage itself during the economic down turn and still be able to preserve its reserve position.

However, based on the bleak economic outlook, some basic policy direction was needed. To that end, the Acton Leadership Group convened to discuss revenue forecasts for FY 11. For those not familiar with the Acton budgeting process, the Acton Leadership Group (ALG) consists of representatives from the Board of Selectmen, School Committees, Finance Committee, and the administration of both the Town and Schools. The primary function of this group is to reach consensus on revenues and to make recommendations to their respective boards as to a split of revenues between the Town and schools.

In November, the ALG met and agreed to the following revenue assumptions:

- All Local Aid reduced by 10%.
- Excise tax estimates level funded
- Investment income level funded
- Utilization of \$1,900,000 in Reserves

The ALG also recommended that the Town and Schools develop a budget that is 3% higher than the FY 10 appropriation. However, it was also recognized that a 3% budget, using \$1.9 million in reserves would not be realistically achieved. Therefore, both the Town and the Schools were asked to develop a list of cuts from the 3% budget that in essence would create a budget with a 0% increase from FY 10.

Odyssey of the FY11 Budget

Work on the FY 11 Budget commenced in August as Town departments were asked to submit their requests for the upcoming Fiscal Year. Operating budget requests totaled \$27,353,605, with an additional \$8,637,926 in capital requests. In September the Town Manager convened the "On the Hill" sessions, a three day team review of budget requests.

Based on that review, a Level Service budget was developed. Level Service is defined as maintaining the current level of service provided by the Town and Schools with no new initiatives, programs or personnel. The Level Service budget was \$28,173,064, including **\$758,782** of capital projects, a 4.57% increase over FY 10.

Given the ALG's direction work commenced on the **3% budget**. In essence, \$150,500 of recommended capital was eliminated to meet the 3% goal of **\$28,022,564**. This budget included **\$608,282 of Capital**:

\$ 40,000	Fire Dept - Replace Protective Equipment Replacement
\$ 15,000	Police Dept - Portable Radios
\$ 36,000	Fire Dept - MDT/GPS Units
\$181,282	Highway Dept - Replace 1987 Dump Truck
\$ 58,000	MuniProp - Replace Ford F350
\$100,000	Natural Resources - Replace 1989 Backhoe
\$130,000	DPW Building Sprinkler System
\$ 48,000	Second Year, Community shuttle

The 3% Budget is the level service budget with a cut in capital. It should be noted that the 3% Budget also includes funding to make the Community Outreach Worker a full time position. It has been our experience in the nearly one year since filling the position that demand for services provided far exceeds the 19 hours currently budgeted and that the position has made a huge difference in the lives of many Acton residents. In addition, funds were budgeted to support the efforts of the Green Advisory Committee, the second year of the local match for the Community Shuttle, as well as anticipated General Fund subsidies to the Nursing Enterprise and Council on Aging Van Enterprise funds.

0% Budget

As discussed above, the directive to utilize \$1,900,000 in reserves to balance the FY 11 requires expenditure reductions from the 3% Budget. This means that the 3% must be reduced by \$825,529 to a budget of **\$27,197,035**

Extensive review of all departmental budgets was undertaken by the Town Manager and key upper management to accomplish this task. Items were reviewed in regard to long term impact on the organization and in attempt to protect public safety as well as human service aspects of the Town. Many line items were reduced and can be seen in the Departmental detail for each department. However, below is a list of cuts greater than \$5,000:

Town Manager	Compensation Reserve	\$14,000
Town Manager	TM Voluntary Salary Reduction	\$ 5,000
Town Manager	Professional Development	\$30,000
Town Manager	Legal Services	\$39,736
Finance Director	Eliminate Clerical Position	\$38,532
Finance Director	Professional Services	\$ 5,000
Finance Director	Postage and Courier	\$ 5,000
Assessors	Professional Services	\$ 5,000
Human Resources	Advertising	\$ 8,190
Human Resources	Employee Recognition	\$38,680
Human Resources	Professional Services	\$ 5,985
Municipal Properties	Seasonal Employees	\$ 6,500

Municipal Properties	Bldg. and Ground Maint.	\$10,000
Municipal Properties	Contractual services	\$20,000
Municipal Properties	Bldg. Improve, Windsor	\$15,000
Municipal Properties	Bldg. Improve. Mem. Library	\$50,000
Municipal Properties	Materials and Equipment	\$11,500
Municipal Properties	Bldg and Ground Maint Towne	\$10,000
Police	Radio Repairs	\$17,000
Police	Motor vehicle	\$ 7,500
Fire	Capital – Protective Equipment	\$19,000
Dispatch	Overtime	\$20,872
Highway	Paving	\$133,398
Highway	Guardrail	\$ 5,000
Highway	Sidewalk Repair	\$128,781
Health	Hazardous Waste Day	\$ 8,392
COA	Printing and Copying	\$ 5,197
Natural Resources	Seasonal Employees	\$ 6,600
Natural Resources	Other Supplies	\$ 8,000
Memorial Library	Books and Periodicals	\$ 16,000

In addition, the proposed FY 11 Personal Services budgets provide no funding for cost of living increases for employees.

As was outlined earlier, one of the major revenue assumptions for FY 11 is a 10% reduction in Local Aid. State budget news has been relatively quiet for the past month, primarily due to the attention of the Senatorial race and the fact that the Legislature is in recess. However, at a recent MMA Regional breakfast, it seemed likely that Local Aid cuts would go deeper than 10%. We could very well be forced to reduce our budget even below the 0% increase due to circumstances beyond our control. To that end, over a month ago, we asked our Departments to present budgets that would be a 5% reduction below FY 10. Many of those cuts were used to put together the 0% budget. However, more draconian cuts were not utilized but may have to come into play should the State's revenues continue to spiral downward.

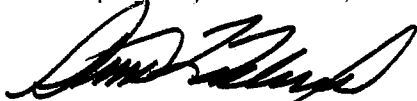
In addition, departments will be reviewing fee structures with an eye towards fully costing out the provision of those services. Other items such as the local meals tax should be discussed as well.

In September 2009, I had the opportunity to attend the International City Management Association's Annual Conference. Obviously, the economy was a major focal point of the discussion. While there are as many opinions as there are economists when it comes to predicting when the economy will turn around, one of the keynote speakers at the Conference made a statement that has stuck with me. His name is John Hope Bryant, a minority entrepreneur from Los Angeles. He stated that "we are not in a recession but a reset." Things may not recover to the level that we have been accustomed to. Our challenge as public officials is to preserve and protect our core services as much as possible. For many, we are the government closest to the people and the entity that citizens turn to when they are in need.

Since I started out with a Churchill quote, I will end with one as well: "Difficulties mastered are opportunities won"

We have all anticipated that FY 11 will be a trying one for us all. The good news is that we have highly committed and talented public officials and staff to help us get through the turbulence. I stand willing and able to work with the Board of Selectmen and Finance Committee to bring a budget to Town Meeting that is responsible and responsive.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven L. Ledoux", written in a cursive style.

Steven L. Ledoux
Town Manager